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# The FY 1997 International Affairs Budget

By

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[The following is a reprint of a May 15, 1996 statement by Secretary Christopher before the House Appropriations Committee's Subcommittee on Commerce, Justice, State and Judiciary. The International Affairs Budget addressed below provides general funding for Department of State activities and is separate from the Foreign Operations Budget which directly supports security assistance activities.]

Good morning, Mr. Chairman, Members of the Committee: I am here today to urge your support for the President's request for the State Department portion of the CJS account. I am grateful for our close consultations in recent months. And I appreciate your understanding of our compelling needs in a difficult budgetary climate.

Let me begin with some facts about what is a remarkably austere budget. Our request to this subcommittee for the State Department and related agencies and accounts is \$5.45 billion, almost \$170 million less than last year's request. It is the bare minimum we need to protect our nation's interests while balancing the federal budget in six years.

Our entire International Affairs Budget has fallen 51 percent in real terms since 1984. At just 1.2 percent of the federal budget, it represents a tiny fraction of the amount our nation earns from exports, or of the amount our nation is forced to spend when foreign crises erupt into war. This small investment protects the interests of the American people and allows the United States to lead.

I come from a generation that clearly recognizes the imperative of American leadership. Those of us who served in World War II understand that it was our global engagement during and after the war that safeguarded our freedom and carried us to victory in the Cold War. We know that without our continued leadership, we cannot hope to protect future generations of Americans from the perils of a still dangerous post-Cold War world. This is a central lesson of our century that must continue to guide us.

Consider what our diplomacy has accomplished in the last three years—in many cases with bipartisan support: we ended the fighting in Bosnia and eliminated the threat it posed to European security. We are bringing former adversaries together through the Partnership for Peace, and we are moving ahead with the historic process of NATO enlargement. We stopped the flight of Haitian refugees to our shores and gave that nation a chance to build democracy. We achieved the indefinite and unconditional extension of the Nuclear Non-Proliferation Treaty (NPT). We put North Korea's nuclear program on the road to the scrap heap. We stemmed a destabilizing financial crisis in Mexico. Our economic diplomacy has fueled an export boom, creating more than one million high-paying American jobs.

Three weeks ago, the President sent me on a mission to end the confrontation that drove so many thousands from their homes in Northern Israel and Southern Lebanon. After difficult negotiations, we succeeded in producing an understanding that ended the intensive fighting and was designed to prevent renewed violence and harm to civilians on both sides of the border. Prime Minister Peres said early on during our mediation effort that, "only the United States can do this." And he was right.

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Now we will work to move Arab-Israeli negotiations forward. There remains a real opportunity to use our leadership to complete a circle of peace which will necessarily include an agreement between Israel and Syria. Our goal, as always, is to bring greater security and stability to all the people of the region.

Some of our achievements came about because we were willing to use our military strength. But none could have been achieved without our diplomatic leadership. Indeed, diplomacy is essential and cost-effective because it gives us options short of force to protect our interests. But we cannot sustain our diplomacy on the cheap—unless we want to short-change the American people.

Mr. Chairman, one of the most dramatic changes I have seen over the years is the erasure of the line between domestic and foreign policy. The Clinton Administration recognizes that our strength at home is inseparable from our strength abroad.

The convergence of our foreign and domestic interests is clear in our response to the set of transnational security challenges we face, including proliferation, terrorism, international crime and narcotics, and damage to the environment. These threats respect no border, ocean—or committee jurisdiction. They must be fought at home and abroad, and at every level of government. As the flagship institution of American foreign policy, the State Department is responsible for leading and coordinating all U.S. government efforts to counter these threats beyond our shores. We cannot fulfill that responsibility without adequate resources.

We must continue working to stop the spread of weapons of mass destruction, the gravest potential threat to the United States and our allies. We must remember that we could not have achieved the unconditional and indefinite extension of the NPT without the involvement of our embassies in every region of the world, in countries large and small. That is one reason why the United States still needs to maintain a diplomatic presence in virtually every country—what I call the principle of universality.

This year one of our priorities is to conclude a treaty to ban nuclear testing—a goal first set by President Kennedy 35 years ago. Our efforts received a significant boost from last month's meeting of industrialized nations in Moscow, where we forged a commitment with Russia and our G-7 partners to negotiate a Comprehensive Test Ban Treaty by September.

At the Moscow Summit, we also adopted a concrete program to prevent illicit trafficking in nuclear materials and a process of cooperation to dispose of plutonium no longer needed for defense purposes. Russia agreed to join a treaty that bans the dumping of nuclear waste in the ocean and to improve safety at aging nuclear reactors. Already U.S. assistance is helping convert Russian plutonium production reactors and procure highly enriched uranium from Kazakhstan. These urgent threats make our continued engagement with Russia and its neighbors critical despite the difficult transitions they are undergoing. We simply cannot afford the luxury of walking away from these relationships where our security is at stake.

We can combat another proliferation threat by ratifying the Chemical Weapons Convention and working with allies and friends to bring it into force—an effort that will require sustained work at posts from Tokyo to New Delhi and London to Pretoria.

Our regional nonproliferation efforts are also vital. Since this Administration concluded the U.S.-DPRK Agreed Framework in October 1994, North Korea's dangerous nuclear program has been frozen in its tracks. The Korean Peninsula Energy Development Organization (KEDO) that we helped establish to implement the Framework has made

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significant progress. Our KEDO contribution—funded elsewhere in our International Affairs request—is a small investment compared to the billions of dollars in contributions South Korea and Japan are making, or the immeasurable costs of a conflict in Korea.

Last week we reached an understanding with China that it will no longer provide assistance to unsafeguarded nuclear programs—another significant step forward in our non-proliferation efforts. The threat of sanctions authorized by Congress played an important role in this achievement—and helped us to reach the result that sanctions would have been designed to bring about. China also agreed on the importance of our continuing consultations on export control policies and related issues.

The Clinton Administration has also led the international effort to prevent pariah states like Iraq, Iran, and Libya from acquiring weapons of mass destruction. Our funding for the International Atomic Energy Agency (IAEA) supports its vital work of detection and monitoring in North Korea, Iraq, and around the world.

We have also put new emphasis on the fight against international criminals, terrorists and drug traffickers. The President's appointment of General Barry McCaffrey to spearhead our counternarcotics campaign will intensify our efforts at home and abroad. The State Department is advancing the President's ambitious strategy to put international criminals out of business.

Last week at the U.S.-Mexico Binational Commission Meeting, we took important steps to strengthen our united stand with Mexico against criminals and drug traffickers. We will help Mexico implement its new law making money laundering a crime. We will strengthen our Border Crime Task Force. We will move to control the precursor chemicals used to produce illegal drugs. And we have made great progress toward fully implementing commitments for the extradition of criminal suspects, including the recent extradition of three Mexicans to the United States.

Our Administration is also working to protect the security and well-being of American citizens by putting environmental issues where they belong—in the mainstream of American diplomacy. Last month, I set out our global environmental priorities in a speech at Stanford University. As I said then, the environment has a profound impact on our national interests in two ways: first, environmental threats transcend borders and oceans to affect directly the health, prosperity and jobs of American citizens. Second, addressing natural resource issues is critical to achieving political and economic stability, and to pursuing our strategic goals around the world.

Working with other government agencies, the State Department is fully integrating environmental goals into our diplomacy and making greater use of environmental initiatives to help promote peace in the Middle East and democracy in Central Europe. We are using our Common Agenda with Japan and new partnerships with Brazil, India, the European Union other nations to leverage our resources. We are helping American companies expand their already commanding share of a \$400 billion market for environmental technology. The funds that we are requesting elsewhere for sustainable development also help protect the ozone layer, combat climate change, and preserve the biodiversity which holds important benefits for American agriculture and business.

Mr. Chairman, let me now turn to the two main elements of our request to this committee—our funding for international organizations and peacekeeping and our funding for State Department Operations.

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This year, we are requesting just under \$1.5 billion for international organizations and peacekeeping. Among other things, this part of the budget funds our obligations to organizations such as NATO, the OECD, the IAEA, the WTO and the OAS. For up to half a century, we have worked effectively on a bipartisan basis through these institutions to advance American interests in key regions and around the world. Today, a hallmark of this Administration's foreign policy is to ensure that each adapts to the challenges of a new era.

This part of the budget also begins to fund a plan to pay off over 5 years our arrears to the United Nations as that institution undertakes necessary reforms. In this respect, the request poses another basic question: Will we abandon the institutions we created after World War II, leaving ourselves with little option but to face future crises alone?

The United States has led in the U.N. for 50 years because it is a valuable tool for advancing our interests and our values. The U.N. helped us mobilize the Gulf War coalition, deploy a force to support democracy in Haiti, and impose sanctions against rogue states. Its many programs and agencies care for millions of refugees, inoculate children and fight epidemics like AIDS and Ebola. The U.N. Special Commission has helped expose Iraq's development of weapons of mass destruction. The IAEA helps us prevent countries like North Korea and Iraq from developing nuclear weapons. The Security Council has reinforced our condemnation of terrorism in the Middle East and of Cuba's shutdown of civilian aircraft. The U.N. War Crimes Tribunals are overcoming great obstacles to hold perpetrators of atrocities accountable for their actions.

U.N. peacekeepers are helping us resolve the costly civil war in Angola and implement peace in Eastern Slavonia without having to put our own troops at risk. Peacekeeping can be a cost-effective investment. In Mozambique, for example, the United States spent over \$700 million helping victims of war and hunger in the ten years prior to 1992. After a successful U.N. peacekeeping mission, our humanitarian aid is down to \$18 million this year and U.S. companies have already signed contracts worth hundreds of millions of dollars.

At the same time, I think we agree that the U.N. has serious problems and that it is seriously in need of reform. Last fall, I proposed a concrete agenda to the General Assembly. I called for consolidating related agencies, eliminating or downsizing low priority activities, expanding the inspector general concept, and more efficient management practices. The President and I have made it clear that tangible progress is essential to sustain the support of the Congress and the American people for the U.N.

The U.N. has taken important steps in the right direction. An office with the functions of an inspector general is up and running. Just this week I met with Joe Connor, the former CEO of Price Waterhouse and now the Under Secretary-General for Management, who is shaking up the U.N.'s management culture. In December, the U.N. approved the first genuinely no-growth budget in its history, and it has since announced plans to eliminate 1,000 staff positions. The Security Council has established rigorous guidelines for the approval of new peacekeeping missions. Finally, the General Assembly has established High-Level Working Groups to recommend management, structural, and financing reforms.

Much more needs to be done. But Mr. Chairman, our efforts to advance the cause of reform depend on our continued leadership at the U.N. We cannot reform and retreat at the same time. Those who cavalierly say that we can walk away from our half-century commitment to the U.N. are wrong. I want to tell you candidly that these large arrears are doing great harm to our national interests across the board.

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Nor can we continue to pass our financial obligations to future generations by building up massive arrears, especially for peacekeeping. When we do, we are not just shortchanging a bureaucracy in New York. We are shortchanging our closest allies and friends, nations like Britain and Canada, who contribute the bulk of troops to peacekeeping missions and who have had to wait months and even years to be fully reimbursed by the U.N. These nations place their soldiers in dangerous situations, often at our request, on behalf of goals we support—and they put up 75 percent of the cost. When we do not pay our promised share it diminishes our influence and our reputation as a nation that keeps its word.

Mr. Chairman, I also look forward to working with you on our request for State Department Operations. I carefully reviewed Under Secretary Moose's testimony to this committee, and I endorse his evaluation of the dire needs of our Department—as well as his expression of appreciation to this committee.

Our embassies and consulates provide platforms not only for our operations but for other federal agencies around the world. Without them, we could not track down terrorists or counterfeiters wherever they hide. We could not follow the situation of religious minorities or human rights issues or Americans held captive anywhere in the world. We could not help build new opportunities for American business. We could not prevent narcotics shipments or environmental crises. The additional cuts to our budget that some in Congress propose are not a strategy for streamlining the Department, but for sidelining it as a force on behalf of American citizens and American leadership around the world.

Secretary Perry likes to say that in protecting our vital interests, our first recourse is diplomacy. I certainly agree. But if our diplomacy is to be an effective first line of defense, we must revitalize our platforms and our presence. Just as our armed forces can be smaller in the 1990s because they are also smarter, the State Department can only function with fewer people and fewer posts if those people are better trained and those posts are better equipped.

In this era of diminishing resources, we have worked to strengthen our diplomacy by making it more efficient and effective. Restructuring has made the State Department leaner across the board. Administrative and middle management positions have been reduced significantly—by as much as 25 percent for Deputy Assistant Secretary slots. We are implementing new management tools, including the Overseas Staffing Model and our new interagency cost-sharing system, to rationalize our overseas staffing—and I want to thank you, Mr. Chairman, for your contribution in helping us make these important changes. We have also cut over 2,000 full time employees since 1993, and the total cuts will rise to 2,500 by the end of FY 1997. In order to increase efficiency and lower personnel costs, we have also downsized bureaus and Embassies. At the same time, we have decreased our administrative expenses by \$139 million.

I will tell you quite candidly that these reductions have been painful, for those leaving the Service and for those of us remaining, who have lost the benefit of their enormous talent and expertise. But we have no choice given the budgetary constraints we all face.

As you know, Vice President Gore has led a major effort to reinvent government. For our part, a Strategic Management team helped me come up last May with some 46 recommendations to maintain or increase our services to the American people at a lower cost. For example, we are improving our services to the American people by setting up an 800 number for consular crises and making travel information available by fax-on-demand and through the Internet.

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We have built inter-agency teams here and abroad to pursue priorities such as expanding trade and combating crime more aggressively. We are eliminating redundancy by combining administrative services like warehousing and printing with other foreign affairs agencies. We are opening a child-care center and broadening our job-sharing programs to make sure that we retain the most skilled and diverse workforce possible.

For these reforms to produce better diplomacy and faster services, however, we must upgrade our obsolete information systems, and aging physical plants as well as address critical staffing gaps. Four years of flat budgets have taken their toll. The increase of \$37 million that we are requesting for State Department programs will allow a critical investment in information systems to go forward. Better computer technology is essential for a more efficient State Department and more effective diplomacy in the information age.

As you know, USIA and ACDA have also undertaken rigorous management reviews and extensive streamlining. You have heard from them directly during this budget process. But let me say a few words about the USIA and ACDA budgets this subcommittee covers.

Over the past two years, USIA proposed and implemented a downsizing plan nothing less than draconian—1,200 positions, almost one-fourth of its staff, were eliminated in two years. In addition, Radio Free Europe/Radio Liberty has cut some 900 positions as part of its consolidation process. USIA continues to play an important role in fostering American ideals and international understanding—missions that remain crucial to our foreign policy and are increasingly important to American citizens in an interdependent world. USIA also contributes to the National Endowment for Democracy, which continues to play a critical role in supporting democracy and free elections around the world.

ACDA's mission to negotiate and monitor compliance with arms control agreements remains crucial to safeguarding our national security. ACDA has played a pivotal role in securing the indefinite extension of the Nuclear Non-Proliferation Treaty, completing the Chemical Weapons Convention and conducting the negotiations underway on a Comprehensive Test Ban Treaty. As the result of recent downsizing, ACDA is now smaller, with a more tightly-focused mission and a budget of just \$48 million to carry out its essential work.

Mr. Chairman, the shutdowns and budget uncertainty of the last year have, in my judgment, damaged our international reputation for reliability and credibility. Leaders and ordinary citizens in many parts of the world couldn't quite believe that the most powerful nation in the world was closing for a few days of furlough. The shutdown was especially unsettling in the wake of our decision to close a number of posts that had served American interests for decades.

As we face increasing global economic competition and an array of threats that respect no borders, we cannot advance American interests by lowering the American flag. Indeed, our global presence should be expanding, not contracting. More Americans than ever are looking to us to facilitate their global plans, from investment incentives to vacation visas.

Because of the budgetary pressures we face, I proposed to close 19 embassies and consulates during 1995 and 1996. And I must say that I was not happy about being forced to do so. I know that Senator Hollings and others of you have also heard from constituents opposing our planned closures of consulates in places like Hermosillo and Matamoros, Mexico. As you know, Congress asked us to keep six of these posts open—and they will remain open. After some 30 closings since 1993, I strongly doubt that wholesale additional closings are in the interest of the world's greatest power. But with further cuts, I may have no alternative.

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Last year I warned that our diplomatic readiness was deteriorating. I must report that many of our posts remain under critical strain. Our Beijing Embassy, for example, has scarcely been repaired since 1979. There is simply not room for other agencies to expand their offices. Dust and sewer gas come in through the cracks and waft along the halls. In Tajikistan, our staff have operated out of a hotel for four years, through a civil war and its aftermath.

In Sarajevo, our officers were sleeping beside their desks until just last month. Menaced by nearby snipers and falling shells, they also struggled with a budget so limited that one officer bought his own computer and we had to ask visiting CODELS [Congressional Delegations] to bring in copier paper. Until very recently the post's communications system was a Rube Goldberg model—I was amazed to see a satellite dish rigged on the roof of the Embassy used as a barbecue grill when I visited in February.

Mr. Chairman, the dedicated men and women of our armed forces have the state-of-the-art communications technology they deserve. The men and women of our foreign service deserve no less, especially in a country like Bosnia where some 30 American civilians have given their lives in the cause of peace.

Our people put themselves on the line for their country every day—people like John Frese, one of our Diplomatic Security agents in Monrovia, Liberia who made repeated dashes through gunfire to rescue over 100 American citizens during the evacuation last month. Our consular and passport officers in Chicago, Washington, and Amsterdam worked late on Christmas Eve, while the government was shut down, to help return two American children who had been taken from their mother and put on a plane to the Middle East. And five members of our Consular Flyaway Team gave up holidays with their families to assist and comfort the relatives of those killed in the American Airlines crash in Colombia last December—also during the furlough.

The courage, ingenuity and dedication of our employees have allowed us to do more with less through the last four years of flat budgets and increasing demands. But there comes a time, Mr. Chairman, when less really is just less. We have reached that time. We cannot safeguard our security and promote American interests without the full \$5.45 billion in funding we request.

As I have said before, those who say they are for a strong America have a responsibility to help keep America strong. That means keeping our institutions effective and our presence around the world robust. Anything less would shortchange our citizens—the travelers and workers, students and business people who look to us to protect their security, promote their well-being, and provide assistance wherever the American flag flies.

Thank you, Mr. Chairman. Once again, I appreciate very much your cooperation and look forward to consulting with you and with the Committee in the days and weeks ahead.